

Message Text

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SUBJECT: CII-HONEYWELL BULL AND THE EC COMPUTER POLICY

REFS: A. EC-A-211, JUNE 10, 1975

B. BONN 8142

C. EC BRUSSELS 4420

D. PARIS 12093

E. EC-EUR/RPE TRANSMITTAL SLIP, MARCH 19, 1975

1. SUMMARY: A HONEYWELL BULL OFFICIAL SAYS HIS COMPANY CONSIDERS THE MERGER WITH CII ONLY THE FIRST STEP IN BUILDING A STRONG US-EUROPEAN COMPUTER GROUP. HONEYWELL-BULL DOES NOT WANT TO SEE UNIDATA ELIMANATED BUT BELIEVES IT WILL HAVE TO REORGANIZED ON A DIFFERENT BASIS. THE CII-HONEYWELL BULL MERGER DOES NOT NECESSARILY STRIKE A BLOW AT THE EC COMPUTER POLICY BECAUSE A SOLIDLY BASED UNIDATA WOULD MAKE THE POLICY MORE REALISTIC THAN IT IS AT PRESENT. END SUMMARY.

2. ON JUNE 11, HENRI MULIN, A HONEYWELL BULL DIRECTOR FOLLOWING EC AFFAIRS MET WITH MISSION OFFICERS TO DISCUSS THE CII-HONEYWELL BULL MERGER AND THE FUTURE OF THE EC COMPUTER POLICY.

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THE MOST INTERESTING POINT MULIN MADE WAS THAT HONEYWELL

BULL IS VERY INTERESTED IN MAINTAINING CII AGREEMENTS WITH SIEMANS AND PHILIPS IN UNIDATA, ALTHOUGH ON A NEW BASIS. ACCORDING TO MULIN, HONEYWELL BULL DOES NOT WANT TO SEE UNIDATA DISAPPEAR. HE SAID THAT HONEYWELL BULL CONSIDERS THE MERGER WITH CII AS ONLY THE FIRST STEP IN DEVELOPING A STRONG COMPUTER GROUP, INCLUDING SIEMANS AND PHILIPS, WHICH COULD EFFECTIVELY COMPETE WITH IBM. MULIN SAID THAT A NEW UNIDATA TYPE OF ARRANGEMENT WILL NOT WORK IF THE PARTNERS OPERATE INDEPENDENTLY AND THAT UNIFIED MANAGEMENT IS ABSOLUTELY NECESSARY.

3. WE POINTED OUT THAT THE PRESS AND OTHERS HAVE STATED THAT A CONTINUATION OF UNIDATA. WITH HONEYWELL BULL INCLUDED, WOULD NOT BE POSSIBLE BECAUSE OF THE INCOMPATIBILITY OF HONEYWELL BULL AND SIEMANS COMPUTERS. MULIN RESPONDED THAT TWO COMPETING LINES--HONEYWELL BULL AND CII--WILL HAVE TO BE PRODUCED FOR A CERTAIN NUMBER OF YEARS UNTIL COMPATIBILITY CAN BE ACHIEVED. HOWEVER, IF HONEYWELL IS WILLING TO DEVELOP A COMPATIBLE LINE WITH CII, THERE WAS NO REASON WHY THE SAME OPERATION WAS NOT FEASIBLE WITH SIEMANS AND PHILLIPS. MULIN SAID THAT HE HAD TOLD EC COMMISSION OFFICIALS EARLIER IN THE DAY THAT FROM THE EUROPEAN POINT OF VIEW IT WOULD BE MUCH MORE INTERESTING FOR SIEMANS AND PHILIPS TO JOIN THE NEW CII-HONEYWELL BULL MERGER THAN TO ENTER SEPARATE ARRANGEMENTS WITH ANOTHER AMERICAN PARTNER SUCH AS UNIVAC. MULIN ARGUED THAT IF EUROPEAN COMPANIES TOOK DIFFERENT AMERICAN PARTNERS THEY WOULD BE COMPETING AGAINST EACH OTHER RATHER THAN IBM WHICH WOULD NOT BE TO THE BENEFIT OF THE EUROPEAN INDUSTRY.

4. REGARDING THE CII-HONEYWELL BULL MERGER, MULIN SAID THAT HONEYWELL WANTED TO COMPLETE THE ARRANGEMENTS AS SOON AS POSSIBLE. THE GOAL IS TO HAVE THE LEGAL AGREEMENTS READY BY THE END OF JULY AND HOPEFULLY THE MERGER WOULD BE COMPLETED IN THE FOURTH QUARTER OF 1975. THERE WERE MANY TYPES OF PROBLEMS THAT REMAINED TO BE WORKED OUT, PARTICULARLY THOSE CONCERNING PERSONNEL. ALL AGREEMENTS WOULD HAVE TO BE APPROVED BY THE BOARDS OF DIRECTORS OF THE SEVERAL COMPANIES PARTICIPATING IN CII-HONEYWELL BULL. THE ENTERPRISE COMMITTEES IN THE DIFFERENT PLANTS (WORKERS) WOULD ALSO HAVE TO BE CONSULTED, WHICH WAS TIME CONSUMING.

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5. REGARDING THE EC COMPUTER POLICY, MULIN SAID THAT TO THE EXTENT THE COMMISSION'S HOPES WERE BASED ON THE DEVELOPMENT OF UNIDATA, HE SAW NO REASON FOR PESSIMISM. ON THE CONTRARY, UNIDATA COULD NOW BE MUCH STRONGER, FOR WITHOUT AN AMERICAN PARTNER ITS FUTURE WAS PROBLEMATIC AT BEST.

6. REGARDING OTHER ASPECTS OF THE EC COMPUTER POLICY SUCH AS STANDARDIZATION AND APPLICATIONS PROJECTS MULIN TOLD US HE HAD

JUST TOLD QUEQUIN, THE EC COMMISSION OFFICIAL WORKING ON THE
COMPUTER POLICY, NOT TO THINK IN TERMS OF EUROPEAN STANDARDS
BECAUSE OF THE IMPORTANCE OF IBM AND ALSO BECAUSE THE COMPUTER
MARKET WAS WORLDWIDE AND NOT JUST EUROPEAN. MULIN SAID THAT HE
PERSONALLY BELIEVED CERTAIN APPLICATION PROJECTS (SEE REF E)
WERE USEFUL FOR THE DEVELOPMENT OF TECHNOLOGY BUT THAT QUEQUIN
TOLD HIM THAT HE, QUEQUIN, WAS RATHER DOWNHEARTED ABOUT THE
WAY THINGS WERE GOING. THE APPLICATION PROJECTS WERE RUNNING
INTO ALL KINDS OF DIFFICULTIES IN THE COUNCIL WORKING GROUP
AND HE DID NOT KNOW WHEN THEY MIGHT BE APPROVED. GREENWALD

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